

Kentucky Teachers' Retirement System

MEDICARE ELIGIBLE HEALTH PLAN (MEHP)

INFORMATION YOU SHOULD KNOW

This Medicare Eligible Health Plan (MEHP) is for retirees and/or spouses of the Kentucky Teachers' Retirement System (KTRS) who are entitled to Medicare due to attainment of age 65 or Social Security Disability. Currently, the KTRS self-insured MEHP is administered by Aetna and the KTRS self-insured prescription drug program is administered by Medco. The benefits are not insured with Aetna or Medco, but are paid from KTRS' funds. This Medicare Eligible Health Plan is not part of the regular retirement program and is subject to change when necessary to contain expenses within the funds available to finance the program.

ELIGIBILITY

❖ **MEMBER COVERAGE** - If you are age 65 or older or you have been determined eligible for Medicare, you may select your medical and prescription drug coverage through the MEHP.

❖ **SPOUSE COVERAGE** - Spouses of retired members may be eligible for medical coverage through KTRS, but KTRS does not pay any supplement toward the cost of a spouse's coverage. Coverage in the KTRS medical plan is through the retiree. If the spouse is not covered by the KTRS medical plan at the time of the retiree's death, the spouse will have 30 days from the date of death to elect coverage or permanently decline coverage.

Spouses of deceased retirees will terminate their coverage in the event of remarriage.

❖ **DEPENDENT CHILD COVERAGE** - Children of MEHP enrollees are only eligible for KTRS medical coverage if a non-Medicare spouse enrolls in a Parent Plus Plan with the dependent child through the State Group Health Plan.

COST

The monthly cost for retirees and spouses covered by the KTRS MEHP is \$274.00 per person for 2004 and \$288.00 per person for 2005. This amount is reduced by the retiree supplement payment based on years of retirement service credit.

The monthly cost will be deducted from your annuity. However, if the monthly cost exceeds the monthly annuity payment, arrangements must be made by the person(s) desiring coverage to have the cost automatically deducted from their bank account.

If you were hired July 1, 2002, or after, the retiree supplemental percentage schedule is a graduated scale ranging from 10% to 100% based on the number of years of retirement service credit. Spouses pay full premium cost for coverage.

MEHP

Medicare, the health insurance program for persons age 65 and older and certain disability retirees below age 65, is composed of two parts: Part A (Hospital Insurance) and Part B (Medical Insurance). Part A is automatically extended to you if you are eligible for Social Security Benefits. You must apply for Part B and pay the required monthly premium to Social Security. KTRS will not deduct the Part B premium from your annuity check. This must be paid to Social Security. **It is very important to enroll in Part B of Medicare at the time you become eligible. Your KTRS MEHP is incomplete without Part B.**

The KTRS MEHP plan provisions assume that each individual who qualifies for Medicare coverage has enrolled in all eligible parts. The MEHP requires that all health expenses covered must first be considered for payment under Medicare. **Any benefits payable or which would be payable under Medicare, whether or not you have enrolled in Part B, will be deducted from the medical expenses covered under the MEHP before the benefits of the Plan are determined.** If you fail to enroll in any part of Medicare for which you are eligible, the MEHP will not reimburse you for expenses that would have been covered by Medicare. It is important that you apply for Medicare coverage as soon as you qualify. You should contact your local Social Security Office at least 45 days prior to the month in which you turn 65 for details regarding enrollment in Medicare.

The official U.S. Government Web site for Medicare is **www.medicare.gov**.

OUTLINE OF MEDICAL COVERAGE

BENEFIT PERIOD:

Calendar Year

Medical Deductible: **\$150.00**

This annual \$150.00 Deductible applies to Approved Medical Expenses applicable to all covered services, except prescription drugs, unless otherwise indicated. Applies to maximum annual out of pocket limit for covered expenses.

Inpatient Hospital Copayment

Per Admission: **\$250.00**

This \$250.00 Copayment is applicable to each hospital admission to be applied once during any 90 day period. Applies to maximum annual out of pocket limit for covered expenses.

Outpatient Surgery Copayment

Per Admission: **\$125.00**

This \$125.00 Copayment is applicable to each outpatient surgery admission facility charge to be applied once during any 90 day period. Does not apply to maximum annual out of pocket limit for covered expenses.

Covered Person Payment Percentage (CoInsurance): **20%**

After annual medical deductible and applicable copayments.

Maximum Annual Out of Pocket Limit For Covered Expenses:

\$1200 Per covered person, per Benefit Period, including the medical deductible and the inpatient hospital copayment per admission. The outpatient surgery copayment per admission is excluded.

Maximum Lifetime Benefit:

\$1,500,000 per covered person.

Covered medical expenses include the services of a legally qualified physician, hospital outpatient services, mammograms (age 35 or over), laboratory and x-ray examinations, anesthetics and oxygen, rental of medical or surgical equipment, and artificial limbs. Routine physical examinations and routine dental and visual examinations are **not** covered.

A Hospital Pre-Certification Program for admission to the hospital is a basic requirement of the KTRS MEHP. Retirees age 65 and over not covered under Medicare Part A must obtain Pre-Certification before entering the hospital. If you are not eligible for Medicare Part A, you or your doctor are required to pre-certify your stay by calling the Aetna Customer Service Number:

1-800-423-3289

If you do not pre-certify, even though the confinement is determined to be medically necessary, the Plan will cover your hospital room and board expenses at 50% rather than the usual 80%.

NO LONG-TERM NURSING HOME CARE OR CUSTODIAL CARE BENEFITS PROVIDED

MEDICAL CLAIMS & MEDICARE DIRECT

KTRS retired members and spouses who are enrolled in Medicare Part B must enroll in the Medicare Direct Program. This program authorizes Medicare to forward your non-hospital claims directly to Aetna at:

**Aetna
P.O. Box 981107
El Paso, Texas 79998-1107**

Enrollment forms for this program must be obtained from the KTRS office. If you are unsure if you have enrolled, please contact KTRS. Members who have other medical coverage in addition to the KTRS MEHP and Medicare are not advised to enroll in this program.

The Web site for Aetna is **www.aetna.com**.

SUMMARY OF KTRS PRESCRIPTION BENEFITS

There are two flexible prescription programs, retail and home delivery. These programs enable you to obtain prescription medications in a safe and convenient manner. Use the home delivery pharmacy for long-term maintenance prescriptions and the retail pharmacy for short-term prescriptions only. NOTE: If you choose a brand name drug when a generic is available, you will pay the applicable co-insurance plus the difference in cost between the generic and the brand alternative.

RETAIL PHARMACY PROGRAM

- ❖ **Allows up to a 30 day supply** of medication at one time
- ❖ \$150 deductible each calendar year

- ❖ Once \$150 deductible is met, retiree pays 20% of KTRS cost of the drug when using a participating pharmacy and obtaining a generic or formulary drug.
- ❖ Non-formulary/3rd tier drug copayments are 35%.
- ❖ No claims to file when your card is presented at a participating pharmacy.

The retail program is easy to utilize. Simply present your prescription ID card to any participating pharmacy. The pharmacist will fill your prescription(s) and collect the appropriate copayment.

HOME DELIVERY PHARMACY SERVICE

- ❖ **Allows up to a 90 day supply** of medication at one time
- ❖ \$10.00 cost for each generic prescription in the formulary
- ❖ \$20.00 cost for each brand name prescription in the formulary
- ❖ \$35.00 cost for each non-formulary/3rd tier prescription
- ❖ No deductible to meet or claims to file

NOTE: Use of generic drugs and drugs on the formulary list can save you money!

Ordering New Prescriptions from Home Delivery

The first time you are prescribed a medication, ask your doctor for a prescription written for a 90 day supply to be filled through the Home Delivery Pharmacy Service.

By fax from your doctor: Give your member ID number to your doctor, and have your doctor call 1 888 EASYRX1 (1-888-327-9791) to obtain fax instructions.

By mail: Mail your prescription and required copayment along with an order form in the envelope obtained by contacting customer service at 1-800-551-8060, 24 hours per day, 7 days per week.

Refilling Your Home Delivery Prescription

By Phone: Call 1-800-4REFILL (1-800-473-3455). Have your prescription numbers and credit card ready.

On the internet: www.medco.com

By Mail: Use the refill forms and order form provided with your medication.

Although your prescriptions are filled and shipped within 48 hours of receipt, please allow 14 days from the date you mail your order to receive it. If your doctor prescribes a drug that is available as both a generic drug and a brand name drug, the generic drug will be dispensed unless you or your doctor indicates otherwise.

FORMULARY PROGRAM

Your prescription drug benefit program includes a formulary, which is a list of generic and brand name drugs, including a wide selection of medications. It offers you choice while helping keep the cost of your prescription drug benefit program affordable. Every drug on the formulary is Food and Drug Administration (FDA) approved, and reviewed by an independent group of doctors and pharmacists for safety and efficacy. Medco may remind your doctor when a formulary medication is available for a drug that is not on your formulary. This may result in a change in your prescription. However, your doctor will always make the final decision on your medication.

A formulary guide can be obtained through Medco's website or by contacting Medco Customer Service. By making this guide available to your Physician, he or she will know what formulary and generic drugs can be

substituted for non-formulary or brand name drugs at a lower cost to you. However, if your Physician chooses to prescribe the non-formulary or brand name prescription, you will pay a higher cost.

PRIOR AUTHORIZATION PROGRAMS

Prior authorization programs are drug management programs that maintain quality care on certain medications commonly, and unintentionally, abused or misused.

One prior authorization program in which KTRS participates does this by covering certain medications up to present limits established by Medco's Independent Pharmacy and Therapeutics Committee. If you attempt to refill a prescription that exceeds the limits, the prescription will be denied for coverage. This denial would only occur when the prescription being filled has reached the recommended limit. This program helps improve quality of patient care and helps protect the patient from inappropriate medication use.

Another prior authorization program in which KTRS participates looks at drugs that may cause potentially serious side effects and dangerous interactions with other drugs. Under this program, certain drugs need preapproval by Medco for coverage. If you or your covered spouse are prescribed one of these drugs requiring prior authorization, you or your doctor must contact Medco at **1-800-458-8001** for preapproval.

COORDINATION WITH OTHER PLANS

The purchase of additional medical coverage is an individual decision based on your needs. Where other group plans exist, the KTRS MEHP will not reimburse expenses paid by another group plan. Certain indemnity type insurance policies that pay the insured for periods of hospitalization on a daily or weekly basis without regard to specific services rendered are not coordinated with the KTRS plan.

PROVISIONS SUBJECT TO CHANGE

These plan provisions and costs are subject to periodic review. Members will be notified of changes in provisions via KTRS newsletters and/or special mailings.

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